

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

RH02024407

October 31, 2002

EXPLANATORY STATEMENT – CHANGE WITHOUT REGULATORY EFFECT

Title 10, California Code of Regulations, Section 2632.13(c)

California Insurance Code Section 1861.02 provides that rates and premiums for an automobile insurance policy shall be based primarily on the insured's driving safety record. California Insurance Code Section 1861.025 provides that an insured is entitled to purchase a Good Driver Discount policy if, among other things, he or she has not had more than one violation point count. A driver involved in an accident for which he or she was principally at fault that resulted only in damage to property shall receive one violation point count. The section further requires the Commissioner to adopt regulations setting forth guidelines to be used by insurers for their principally at-fault determinations.

Pursuant to those sections, the Commissioner adopted Title 10, California Code of Regulations, Section 2632.13, which sets forth requirements for determining a driver's qualification to purchase a good driver discount policy. The section also applies in determining whether a driver was principally at-fault in an accident for the purpose of determining the driver's safety record (the first mandatory rating factor).

Section 2632.13(c) provides that a driver may be considered to be principally at fault in an accident if the driver's actions or omissions were at least 51 percent of the proximate cause of the accident, subject to specified exceptions set forth in subsection (d), and, in accidents not resulting in death, if the total loss or damage caused by the accident exceeded \$500.00.

SB 1590 (Karnette), effective January 1, 2003, amends various provisions of the California Vehicle Code, including California Vehicle Code Section 16000, to require that drivers involved in accidents resulting in property damage in excess of \$750.00 or in bodily injury or death report the accident to the Department of Motor Vehicles. Currently, drivers are required to report accidents resulting in property damage in excess of \$500.00.

Because the \$500 threshold currently set forth in Section 2632.13(c) was based upon the existing \$500.00 reporting threshold, it is necessary to amend Section 2632.13(c) to conform to the new reporting requirement.

This change does not materially alter any requirement, right, responsibility, condition, prescription, or other regulatory element of Section 2632.13(c). The proposed change simply makes the provisions of Section 2632.13(c) consistent with the changed statute. The current regulatory language is inconsistent with and will be superseded by the

amendments enacted by SB 1590, and the Department cannot adopt a standard which differs in substance from the new statutory language.

Since insurers rely in large part on the records of the California Department of Motor Vehicles to determine whether a driver was principally at-fault in an accident and to determine a driver's driving safety record, to ensure consistent and uniform treatment, the Department's regulations must be harmonized with the California Vehicle Code requirements.